

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 LAGOS 3101

E.O. 11652: GDS
TAGS: OVIP (CARTER, JIMMY)
SUBJECT: OBJECTIVES AND TALKING POINTS FOR PRESIDENTIAL VISIT

REF: DRAFT PAPER TRANSMITTED TO AMBASSADOR EASUM UNDER COVER
OF TRANSMITTAL NOTE

WE BELIEVE DRAFT OBJECTIVES AND TALKING POINTS PAPER WOULD BENEFIT
FROM REVISIONS AND ADDITIONS ALONG FOLLOWING LINES:

1. PAGE THREE, FIRST LINE, SECOND PARAGRAPH. "REMAINS FRAGILE"
MIGHT BETTER READ "CANNOT BE TAKEN FOR GRANTED."
2. PAGE THREE, BOTTOM PARAGRAPH WHICH CONTINUES ONTO TOP OF PAGE
FOUR: LOGIC OF THE LINKAGE BETWEEN A VISIT TO NIGERIA AND OUR
DESIRE NOT TO LEAVE A VACUUM FOR THE SOVIETS AND CUBANS IS FAR
FROM CLEAR. SUGGEST PARAGRAPH BE REWRITTEN OR DROPPED.
3. PAGE FOUR, UNDER "KEY ISSUES", SUGGEST ADDITION OF A SECOND
SENTENCE IN FIRST PARAGRAPH WHICH MIGHT READ ALONG FOLLOWING
LINES: "WE HAVE HAD GOOD COLLABORATION FROM THE NIGERIAN GOVERN-
MENT ON OUR RHODESIAN AND NAMIBIAN INITIATIVES, AND OBASANJO AND
GARBA HAVE MADE STURDY EFFORTS ON BEHALF OF THE OAU TO MEDIATE
THE ETHIOPIAN-SOMALI PROBLEM."
4. SUGGEST THAT NEXT SENTENCE ON PAGE FOUR WHICH BEGINS
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"IN OCTOBER YOU AND OBASANJO AGREED," SHOULD START A NEW PARA-
GRAPH, AND SHOULD BE FOLLOWED BY TWO ADDITIONAL SENTENCES:
"THESE MEETINGS TOOK PLACE IN LAGOS IN NOVEMBER AND USEFUL
UNDERSTANDINGS WERE ACHIEVED. WE LOOK FORWARD TO A SECOND
ROUND OF TALKS IN THE U.S. THIS SPRING."

5. ON PAGE 8A, AS A FINAL SENTENCE TO THE PARAGRAPH ON "ESSEN-

TIAL FACTORS" RELATED TO SOVIET AND CUBAN MILITARY INVOLVEMENT, SUGGEST ADDING FOLLOWING: "NIGERIA BELIEVES THE U.S. SHOULD NORMALIZE ITS RELATIONS WITH ANGOLA DESPITE THE PRESENCE OF CUBAN TROOPS, THUS EXPANDING ANGOLA'S ACCESS TO NON-COMMUNIST TECHNOLOGY, INVESTMENT AND INFLUENCE."

6. FOLLOWING PARAGRAPHS IN THIS TELEGRAM RELATE TO SECTION ELEVEN IN DEPARTMENT'S DRAFT, UNDER HEADING OF "US/NIGERIAN ECONOMIC RELATIONS."

7. UNDER "ESSENTIAL FACTORS" SECTION, WE RECOMMEND THAT YOU WORK IN THE FOLLOWING POINTS:

A. EMPHASIZE THAT THREE NIGERIAN WORKING ROUPS ARE SUPPOSED TO COME TO U.S. SHORTLY AFTER PRESIDENT'S VISIT TO COVER WIDE AGENDA OF SPECIFIC ISSUES. GROUPS WILL SEPARATELY BE RESPONSIBLE FOR: TRADE INVESTMENT AND TECHNOLOGY TRANSFER; AGRICULTURE AND RURAL DEVELOPMENT; AND EDUCATION.

B. IN FIRST PARAGRAPH, PAGE 21, CHANGE FOUR-LINE PHRASE "ASSISTANCE IN EDUCATION" TO "TECHNICAL ASSISTANCE".

C. STRESS THAT THIS IS IMPORTANT TIME FOR PROMOTION OF INVESTMENT BECAUSE OFFICIAL FMG POLICY IS UNDERGOING REVEIW. OVERSPENDING AND DECLINE IN OIL REVENUES ARE FORCING GOVERNMENT TO DO LESS FUNDING OF DEVELOPMENT AND RELY MORE UPON PRIVATE SECTOR, A FACT WHICH IN TURN SHOULD ENCOURAGE MORE INVESTMENT FROM ABROAD. U.S. CONSERVATION POLICIES ALSO WEIGH AGAINST INCREASING PURCHASES OF NIGERIAN OIL. NIGERIA NEEDS TO CONFIDENTIAL

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DIVERSIFY PRODUCTIVE SECTORS AND U.S. PRIVATE INVESTMENT CAN BE VERY HELPFUL IN ACHIEVING THIS. TIME IS RIPE TO PRESS FOR IMPORVEMENTS IN INVESTMENT CLIMATE (E.G., FREER ACCESS TO NIGERIA WITH MULTI-ENTRY VISAS, FACILITATION OF RESIDENCE PERMITS, SPEEDIER REPATRIATION OF PROFITS, GRANTING OF INVESTMENT INSURANCE).

D. U.S. TRADE DEFICIT WITH NIGERIA HAS CLIMBER \$1 BILLION IN THE PAST YEAR TO APPROXIMATE \$5.1 BILLION AS OF 1977. CRUCUAL TO OUR TRADE PERFORMRANCE IS IMPORVED OCEAN SHIPPING ACCESS. OUR AMERICAN LINES CONFERENCE NEEDS ONE ADDITIONAL BERTH.

E. MENTION SHOULD BE MADE OF POSSIBLE FMG REQUESTS THAT PRESIDENT WILL FACE. EXAMPLES INCLUDE REQUEST FOR GOVERNMENT-TO-GOVERNMENT LOANS, GSP PREFERENCES FOR NIGERIA AND A WIDE RANGE OF TECHNICAL ASSISTANCE COVERING AGRICULTURE, TRANSPORTATION, HOUSING, ETC. WE SHOULD STRESS REIMBURSABLE DEVELOPMENT ASSISTANCE FOR THE LATTER.

F. IN DESCRIBING AIIC (AIG) CASE, DELETE STATMENT THAT FMG HAS REJECTED COMPANY'S COMPROMISE PROPOSALS. COMPANY HAS NOT YET PRESENTED THEM TO FMG. IN FEBRUARY COMPANY'S NIGERIAN LAWYER VISITED MINTRADE PERMSEC TO OUTLINE COMPROMISE TERMS, BUT THE TWO ARUGUED OVER JUSTIFICATION OF COMPANY'S COMPLAINT AND NEVER GOT AROUND TO DISCUSSING THE COMPROMISE.

8. UNDER "POINTS TO BE MADE" WE SUGGEST A REWRITE ALONG THE FOLLOWING LINES:

A. WE WELCOME THE DEGREE OF UNDERSTANDING THAT OUR GOVERNMENTS HAVE REACHED SINCE OCTOBER IN DEVELOPING A PROGRAM FOR ECONOMIC

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C O N F I D E N T I A L SECTION 2 OF 2 LAGOS 3101

COOPERATION. WE LOOK FORWARD TO PURSUING THIS PROGRAM VIGOROUSLY, ONE STEP BEING THE VISIT THIS SPRING TO THE U.S. BY THREE NIGERIAN WORKING GROUPS TO DISCUSS TRADE, INVESTMENT AND TECHNOLOGY TRANSFER; AGRICULTURE AND RURAL DEVELOPMENT; AND EDUCATION. WE ALSO LOOK FORWARD TO A BILATERAL DEVELOPMENTAL AND COMMERCIAL CONFERENCE IN LAGOS IN NOVEMBER, 1978.

B. TO STRENGTHEN AND DIVERSIFY NIGERIA'S PRODUCTIVE SECTOR, WE WOULD LIKE TO ENCOURAGE U.S. PRIVATE INVESTMENT. OVER THE LONG RUN SUCH INVOLVEMENT DEPENDS ON AN ATTRACTIVE, STABLE INVESTMENT ENVIRONMENT. WAYS TO ENCOURAGE INVESTMENT RANGE FROM FREER ACCESS FOR BUSINESSMEN VIA MULTI-ENTRY VISAS TO PRODUCTION INCENTIVES NEEDED IN THE OIL SECTOR.

NIGERIAN POLICIES SHOULD PERMIT FOREIGN BUSINESSMEN TO RECEIVE A RETURN ON INVESTMENT COMMENSURATE WITH THE COMMERCIAL RISK INVOLVED. THIS IS PARTICULARLY TRUE IN THE PETROLEUM INDUSTRY WHERE INVESTMENTS ARE EXTREMELY LARGE. OUR PURCHASES OF NIGERIAN CRUDE OIL ARE VERY IMPORTANT TO U.S. ECONOMY AND AT SAME TIME EARNINGS FROM THESE PURCHASES ARE IMPORTANT TO NIGERIAN DEVELOPMENT.

C. OUR BILATERAL TRADE HAS GROWN SIGNIFICATLY. WE WOULD LIKE TO SEE IT EXPAND FURTHER. THE U.S. DEFICIT IN 1977 EXCEEDED \$5 BILLION. CRUCIAL TO OUR EXPORT EFFORT IS IMPROVED SHIPPING ACCESS. WE WOULD LIKE TO SUGGEST AN ADDITIONAL BERTH IN LAGOS FOR THE AMERICN-WEST AFRICAN FREIGHT CONFERENCE.

D. WE ARE PLEASED TO BE WORKING WITH THE FMG TO APPLY U.S. GOVERNMENT EXPERTISE TO NIGERIA'S DEVELOPMENT. AMONG PROJECTS

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ALREADY UNDER WAY OR UNDER CONSIDERATION ARE MAPPING OF THE NEW CAPITAL A2EA, RECRUITING OF UNIVERSITY PROFESSORS, MIDDLE-LEVEL TECHNICAL MANPOWER TRAINING, AND WATER RESOURCES DEVELOPMENT BY THE U.S. CORPS OF ENGINEERS.

F. WE HOPE THE FMG WILL GIVE VERY HIGH LEVEL ATTENTION TO PROPOSALS OF THE AMERICAN INTERNATIONAL INSURANCE COMPANY DESIGNED TO RESOLVE THE DISPUTE BETWEEN IT AND THE FMG. IF THE COMPANY REQUESTS AND RECEIVES A FINDING THAT IT HAS BEEN EXPROPRIATED WITHOUT ADEQUATE COMPENSATION, THE USG WILL BE REQUIRED BY LAW TO TAKE ACTIONS DETRIMENTAL TO GOOD U.S.-NIGERIAN RELATIONS AND TO A N ATTRACTIVE ENVIRONMENT TO U.S. INVESTMENT IN NIGERIA.

9. ACTION REQUESTED: PLEASE SEND US BY PROMPTTEST AVAILABLE POUCH OR SAFE-HAND DELIVERY YOUR LATEST VERSION OF THIS PAPER.
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